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TREASURY DEPARTMENT
BUREAU OF CUSTOMS
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DEPARTMENT
COPY

SHANGHAI, CHINA

July 30, 1936.

Commissioner of Customs,
Division of Customs Agents,
Washington, D. C.

Sir:

There are enclosed for the information of the Bureau
and other interested Departments copies of a report entitled:
"Japan's Neutralization Policy in North China."

Respectfully,

M. R. Nicholson
Treasury Attaché.

Enc.

MM:J

23

July 27, 1934.

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JAPANESE HARMONIATION POLICY IN NORTH CHINA

Since the conclusion of the Tangku Truce and the establishment of the militarized zone, the Chinese government has been unable to suppress drug traffic by force and the whole province of Hebei is left for Japanese to carry out their harmonization policy in North China. The cause of such an extensive drug menace should not be accounted for merely by the profit-making desire of traffickers or the great number of addicts. More suppression work would be useless in exterminating such a deeply-rooted evil which has assumed its widespread character from a preconceived plan instead of a ~~com~~ and origin.

The total farming population of Hebei is estimated at 27,000,000 of whom over 5,000,000 are believed addicted to drugs. More drugs are sold in Tangshan (唐山), Hailiucheng (海澆城), Qiliyuan (七里莊), Linhang (林衡), Linhe (林河), Jian (建) and Yuxian (玉縣) than the other districts. During the month of May over seventy drug traffickers were put to death. In Heiping during the four months from January to April over seven hundred cases concerned with highly potent drugs were discovered. These are shown in the table below:

Table I. Drug cases in Heiping from January to April:

Month	No. of cases	No. of sentences	No.	Fines
January	119	134	117	10
February	117	130	123	10
March	309	406	426	20
April	265	394	336	40

Drugs formerly sold in North China were mostly imported from Suiyuan and Chahar. The drug originating in Suiyuan is called "Chiangtsoo" (江子) and that produced in Chahar is called "Faitsoo" (肥土). Recently both of them have been replaced by a drug imported from Daiven which is lower in price and higher in effect. Japanese have established companies at Shihsheng (石生), Hailin (海林), Tsoi Hailin (太子海林) and Shihshihsheng for the sale of the Daiven drug which is transported to the inland cities by way of the Lanchow and Peiping-Lanchow railways. The price varies from \$2.00 to \$12.00 per tael. It is reported that about one million taels are sold every month at a value of over three million dollars. In Tientsin alone, about \$800,000 worth of heroin is exported monthly to the inland cities. Heroin drug manufacturers are to be found nearly everywhere in Peiping and are not subject to search by Chinese police except under special conditions. Regardless of restrictions on the exercise of their power, police of Peiping discovered four drug cases in March and five in April.

All kinds of high-power drugs, such as heroin, morphine, golden pills, white pills, caffeine, milk sugar, cocaine, etc., can be found in Peiping. Various kinds seized at different periods are given in the following tables.

Table II. Drugs seized in February, 1936.

<u>Name of drug</u>	<u>Amount</u>
Heroin	77,612 taels
Golden pills	410 "
Other narcotics	28 "

Table III. Drugs seized in October, 1936.

<u>Name of drug</u>	<u>Amount</u>	<u>Value</u>
Morphine		2,127 taels
Caffeine	100.00	*
Other narcotics	10.00	*

Table IV. Drugs seized at other periods.

<u>Name of drug</u>	<u>Amount</u>	<u>Date of seizure</u>
Milk sugar	1,000.01 taels	June, 1935
Cocaine	180.00	*
Other drugs	16.00	August, 1936

During the time when Mr. Yuen Liang (袁亮) held office as mayor of Peiping, opium and drug suppression work was strictly carried out. Such drug criminals as Lin Hsueh-jen (林旭堅), head of the Public Safety Branch Bureau in Peiping, Hsieh Hsi-chih (解希之), known as "king of heroin," and Wang Te-men (王大門) a doctor who mixed drugs in analgesic pills, were all executed. When Mr. Yuen was succeeded by Mr. Ching Te-shun, the suppression of opium and drugs was continued with great force, but hindrances caused by Japanese warships prevented satisfactory results. The number of drug criminals condemned by the Public Safety Bureau during May is given in the following table:

Table V. Sentences served by drug criminals in May.

<u>Sentence</u>	<u>No. of criminals</u>
Death execution	5
Fifteen years imprisonment	8
Twelve " "	4

Five to eight years imprisonment

Over four years imprisonment

" three " "

" two " "

7

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60

60

On May 1st the Peiping-Tientsin Inspection Bureau for the suppression of opium was established with Mr. Tai Wei (太微) as the head, but the opposition of officers of the 59th Route Army caused the bureau to be abolished and replaced by the Hsiao-Chahar General Inspection Bureau with Mr. Ko Chih-han (高智漢), Commissioner of Finance in the Hsiao-Chahar Political Council, in charge. There are five licensed opium firms in Peiping and thirty-eight in Tientsin. Formerly the opium shops were allowed to offer smoking conveniences for the addicts, but the formation of the Hsiao-Chahar General Inspection Bureau put an end to this practice. However, this regulation is restricted to only Chinese-operated shops, Japanese or European-owned shops being free to do as they like in a defiance of Chinese law.

The seriousness of conditions in Peiping may be seen from the following cases which took place in one day.

(1) A person addicted to heroin but too poor to afford smoking implored his wife to pose as his sister and flirt with a stranger. By this means the addict extorted a sum of money from the latter to whom the wife was later married. After the marriage, the wife told the truth to her second husband because of his love for her. A litigation followed as a direct result.

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(B) A heroin addict arrested last year and cured in the reformatory was recently freed to soon become re-addicted. As a means to obtain money for smoking, he resorted to stealing and was again arrested.

(5) A wicked pulter addicted to harvin sold his son and daughter for twenty dollars so that he might have money to satify his cravins. The gris-stitchin mother was unable to face such savary and drowned herself.

(4) A man found his wife dead in bed because her craving for drugs had not been satisfied.

From an investigation made in a Peiping street, it was found that only five houses out of more than twenty households were completely free from the drug habit. Six lodgers out of twenty in an apartment on the same street were addicted to drugs. Two of the unfortunate were graduates of a private university.